

## Message Text

UNCLASSIFIED

PAGE 01 THE HA 03257 151008Z  
ACTION MMO-01

INFO OCT-01 EUR-12 IO-14 ISO-00 AID-05 CIAE-00 COME-00  
EB-08 FRB-01 INR-10 NSAE-00 ICA-20 TRSE-00 XMB-04  
OPIC-06 SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15  
STR-07 CEA-01 /118 W  
-----070415 160359Z /13

R 141550Z JUN 78  
FM AMEMBASSY THE HAGUE  
TO SECSTATE WASHDC 2800  
INFO EC COLLECTIVE  
USMISSION GENEVA

UNCLAS THE HAGUE 3257

ALSO FOR USEEC, USOECD, USMTN

E.O. 11652: N/A  
TAGS: ECON, EFIN, NL, ECRP  
SUBJECT: CERP 0200: FINANCE MINISTER PREDICTS HIGHER BUDGET  
DEFICIT FOR 1978

REF: A) THE HAGUE 2118, B) 77 THE HAGUE 4800

1. FINANCE MINISTER ANDRIESSEN INFORMED PARLIAMENT IN TRADI-  
TIONAL SPRING MEMORANDUM JUNE 12 THAT GON EXPECTS 1978 BUDGET  
DEFICIT TO RISE TO 13.4 BILLION GUILDERS (2.23 GUILDERS EQUAL  
\$1.00), AN INCREASE OF 6.3 PERCENT OVER THE 12.6 BILLION  
GUILDER DEFICIT PROJECTED IN SEPTEMBER 1977. THE INCREASED  
DEFICIT RESULTS FROM AN EXPECTED INCREASE OF 1.6 BILLION GUILDERS  
IN 1978 GOVERNMENT EXPENDITURES TO 97.8 BILLION GUILDERS WHILE  
REVENUES ARE TO RISE BY ONLY 0.7 BILLION TO 84.4 BILLION.  
THE DEFICIT OF 13.4 BILLION GUILDERS WILL AMOUNT TO 5.3 PERCENT  
OF NET NATIONAL INCOME AND THUS EXCEED THE STATED OBJECTIVE OF  
HOLDING SUCH DEFICITS TO 4 TO 5 PERCENT OF NET NATIONAL INCOME.  
THE INCREASED DEFICIT WILL ADD A LITTLE STIMULUS TO THE ECONOMY  
WITHOUT MUCH IMPACT ON PRICES SINCE INFLATION IS STEADILY  
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 THE HA 03257 151008Z

DECLINING TOWARD AN ANNUAL RATE OF ABOUT 4 PERCENT.

2. ACCORDING TO ANDRIESSEN, THE 13.4 BILLION GUILDER BUDGET  
DEFICIT WILL (FOR TECHNICAL REASONS) IMPOSE A 13.5 BILLION  
GUILDER FINANCING REQUIREMENT AS COMPARED TO THE 12.6 BILLION  
GUILDER FINANCING REQUIREMENT ANTICIPATED IN SEPT 1977 BUDGET  
MRMORANDUM. NEARLY 4 BILLION GUILDERS OF THE DEFIS

EXPECTED TO BE COVERED BY ADVANCE SUBSCRIPTIONS FROM DUTCH PENSION FUNDS AND ANOTHER 3.8 BILLION GULDERS HAS ALREADY BEEN RAISED ON THE CAPITAL MARKET AND THROUGH PRIVATE PLACEMENTS. OF THE REMAINING 5.8 BILLION GULDERS OF THE DEFICIT, PART WILL BE FINANCED ON THE CAPITAL MARKET AND PART WILL BE FINANCED BY DRAWING ON CENTRAL BANK TREASURY BALANCES AND OTHER MONETARY BORROWING.

3. ANDRIESSEN'S MEMORANDUM HAS CONFIRMED THAT THE VAN AGT GOVERNMENT HAS CHOSEN THE POLITICALLY UNCONTROVERSIAL PATH OF GENERALLY SUPPORTING THE 1978 BUDGET AS IT WAS PRESENTED LAST FALL BY THE CARETAKER GOVERNMENT WITHOUT SIGNIFICANT ALTERATION. THUS THE VAN AGT GOVERNMENT'S PROPOSALS TO REDUCE THE LEVEL OF GOVERNMENT AND SOCIAL SECURITY SPENDING TO PROVIDE MORE FUNDS TO THE PRIVATE SECTOR FOR JOB-CREATING INVESTMENT REMAIN TO BE REVEALED LATER THIS WEEK WHEN THE GOVERNMENT IS COMMITTED TO MAKE PUBLIC ITS ECONOMIC OUTLOOK THROUGH 1982, ITS PROPOSALS FOR RESTRAINING THE GROWTH OF PUBLIC SECTOR EXPENDITURES, AND ITS VIEWS ON THE LIMITS OF THE BUDGET DEFICITS.  
BROWN

UNCLASSIFIED

NNNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** FINANCE, CERP 0200, BUDGET DEFICITS, ECONOMIC REPORTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 14 jun 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 jan 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1978THEHA03257  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** ALSO FOR USMTN  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D780366-0227  
**Format:** TEL  
**From:** THE HAGUE  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1978/newtext/t19780658/aaaabxyj.tel  
**Line Count:** 82  
**Litigation Code IDs:**  
**Litigation Codes:**  
**Litigation History:**  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Message ID:** 0b6ae888-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION MMO  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** n/a  
**Previous Handling Restrictions:** n/a  
**Reference:** 78 THE HAGUE 2118, 77 THE HAGUE 4800  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 29 mar 2005  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** N/A  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 2345609  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** CERP 0200: FINANCE MINISTER PREDICTS HIGHER BUDGET DEFICIT FOR 1978  
**TAGS:** ECON, EFIN, ECRP, NL  
**To:** STATE USEEC MULTIPLE  
**Type:** TE  
**vdkgvwkey:** odbc://SAS/SAS.dbo.SAS\_Docs/0b6ae888-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014